

## Message Text

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46

ACTION ARA-10

INFO OCT-01 ISO-00 TRSE-00 EB-07 COME-00 SSO-00 USIE-00

CIAE-00 INR-07 LAB-04 NSAE-00 PA-01 SIL-01 PRS-01

INRE-00 ARAE-00 /032 W

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O P 141355Z APR 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 5051

INFO AMCONSUL SAO PAULO PRIORITY

AMCONSUL RIO DE JANEIRO PRIORITY

C O N F I D E N T I A L BRASILIA 3218

DEPT PASS TO TREASURY ASSISTANT SECRETARY PARSKY

E.O. 11652: XGDS-1

TAGS: BEXP, BR

SUBJECT: SAO PAULO TRADE CENTER

REF: BRASILIA 2994, STATE 082746

1. ON APRIL 12, I TOLD FOREIGN MINISTER SILVEIRA WE WERE VERY DISAPPOINTED AND CONCERNED BY THE DECISION OF THE INTER-MINISTERIAL WORKING GROUP ON OUR REQUEST FOR GOB AGREEMENT TO OUR OPENING THE TRADE CENTER, A MATTER OF MAJOR IMPORTANCE TO US. IMMEDIATELY AND BEFORE I COULD BEGIN MY DETAILED PITCH FOR REVERSAL OF THE DECISION AT THE MINISTERIAL LEVEL, SILVEIRA INTERRUPTED TO SAY: "I AM THE ONLY ONE IN FAVOR OF THE CENTER AND I THINK I AM GOING TO WIN".

2. SILVEIRA EXPLAINED THAT HE HAD BEEN TAKEN ABACK WHEN HE SAW THE INTER-MINISTERIAL GROUP'S RECOMMENDATION AND HE COULD NOT UNDERSTAND THE REASONING BEHIND IT. HE CONSIDERED THAT THE TRADE CENTER SHOULD BE LOOKED AT ON ITS OWN MERITS AND NOT IN TERMS OF THE TRADE ISSUES BETWEEN US AND THE TRADE DEFICIT, IMPORTANT AS THOSE QUESTIONS  
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WERE.

3. THE FOREIGN MINISTER SAID HE WAS PREPARING A PAPER FOR FINANCE MINISTER SIMONSEN SETTING FORTH HIS POINT OF VIEW, AND HE INDICATED THAT, IN ARGUING AGAINST A NEGATIVE REPLY TO US, HE MIGHT REFER TO THE POSSIBILITY OF ESTABLISHING "CONDITIONS" FOR THE ESTABLISHMENT OF THE CENTER, WHICH THEN WOULD BE NEGOTIATED BETWEEN US.

3. I TOLD SILVEIRA THAT I HAD PLANNED TO TALK TO SIMONSEN AND MINISTER OF INDUSTRY AND COMMERCE SEVERO GOMES ABOUT THE IMPORTANCE OF GOB APPROVAL FOR THE CENTER, BUT UNDER THE CIRCUMSTANCES, I WOULD BE GUIDED BY HIS ADVICE. HE ASKED ME TO HOLD OFF ON SEEING OTHERS UNTIL HE HAD ADVISED ME THAT HE HAD SENT HIS PAPER TO SIMONSEN. I TOLD HIM THAT I UNDERSTOOD HIS POSITION AND WOULD AWAIT FURTHER WORD FROM HIM BEFORE DISCUSSING THE QUESTION WITH THE OTHER INTERESTED MINISTERS.

5. IN A CONVERSATION WITH THE EMBASSY FINANCIAL ATTACHE LAST WEEK, AN INFLUENTIAL SECOND-ECHELON OFFICER OF THE FINANCE MINISTRY EXPRESSED THE OPINION THAT THE INTER-MINISTERIAL WORKING GROUP HAD BEEN MOTIVATED BY "NON-OBJECTIVE" CONSIDERATIONS (READ: RESENTMENT AND IRRITATION ABOUT EXISTING AND LOOMING TRADE ISSUES).

6. COMMENT: IN SPITE OF SILVEIRA'S POSITIVE ATTITUDE (WHICH I BELIEVE TO BE SINCERE), THE GOB'S DECISION WILL INEVITABLY BE INFLUENCED SIGNIFICATNLY BY WHAT ASSISTANT SECRETARY PARSKY HAS TO SAY ON THE CURRENT CRITICAL TRADE ISSUES.  
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